

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6841

BILL NUMBER: HB 1348

NOTE PREPARED: Jan 14, 2008

BILL AMENDED:

SUBJECT: Review of Total Debt and Lease Burden on Taxpayer.

FIRST AUTHOR: Rep. Noe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates Department of Local Government Finance (DLGF) review of capital projects that will cost a political subdivision \$7,000,000 or less.

The bill requires a County Board of Tax and Capital Projects Review (County Board) to review all capital projects, including capital projects that will be paid from revenues other than property taxes. It requires a political subdivision to: (1) include an estimate of the tax impact of proposed capital projects in a capital project plan; and (2) provide tax impact information in notices related to a proposed capital project. The bill requires a County Board to consider the impact of a proposed capital project on tax rates. It also prohibits a County Board from approving a capital project that, when added to all other debt obligations issued by all political subdivisions, could result in a combined property tax and special benefits tax rate of \$0.70 or more per \$100 of assessed valuation in any taxing district.

Effective Date: July 1, 2008; January 1, 2009.

Explanation of State Expenditures: The provisions eliminating the DLGF's review of capital projects that are more than \$7 M could be a minor saving in administrative costs.

Explanation of State Revenues:

Explanation of Local Expenditures: The provisions requiring the County Board to review all capital projects and to consider the impact of a proposed capital project by taxing district would increase the costs of the County Board. The increase in costs would vary by county and be dependent on the number of proposals brought before the Boards.

The provisions of the bill requiring the political subdivision to include the tax impact information would increase administrative and advertising costs by an indeterminable amount and be dependent on local action.

The provision prohibiting the County Board from approving a capital project that result in a combined property tax debt rate of more than \$.70 for any taxing district could significantly limit the capital projects for some units. The following table show the number of political units that would have been affected in CY 2006.

| | Debt Levies All Units | Number | Debt Levies | % |
|-------------------------|------------------------------|---------------|--------------------|----------|
| Counties | 99,594,017 | 42 | 79,812,029 | 80.1% |
| Townships | 21,809,038 | 112 | 10,563,346 | 48.4% |
| Cities&Towns | 55,272,461 | 85 | 24,319,402 | 44.0% |
| Schools | 1,038,720,654 | 69 | 374,557,673 | 36.1% |
| Libraries | 58,044,221 | 62 | 26,954,052 | 46.4% |
| Special Taxing | 46,725,741 | 79 | 43,646,751 | 93.4% |

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local Units.

Information Sources: Department of Local Government Finance Database.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.